



## Market and Trade Data

### Specialty Foods Find Receptive Market in the Netherlands

**By Marcel Pinckaers**

The Netherlands imported \$580 million worth of specialty foods from the United States in calendar 2006 out of a total \$19.2 billion worth. The U.S. food industry competes with products coming mainly from the European Union, Brazil, South Africa, and Canada.

#### **Economy, Demographics Promote Specialty Food Growth**

Economic conditions are positive in the Netherlands — with growth at 3 percent in 2007, unemployment at 4.5 percent, and low interest rates. Food has become relatively cheap, accounting for 15 percent of consumer income.

A good economy has combined with demographics to encourage the purchase of specialty food products. More

women working outside the home have less time for food preparation. Families, smaller and more affluent, are willing to pay more money for convenience, quality, and variety in foods. These families need smaller portions and tend to buy more expensive, value-added products or meal components when cooking. The 55- to 65-year age group, in particular, has relatively high purchasing power compared to other groups.

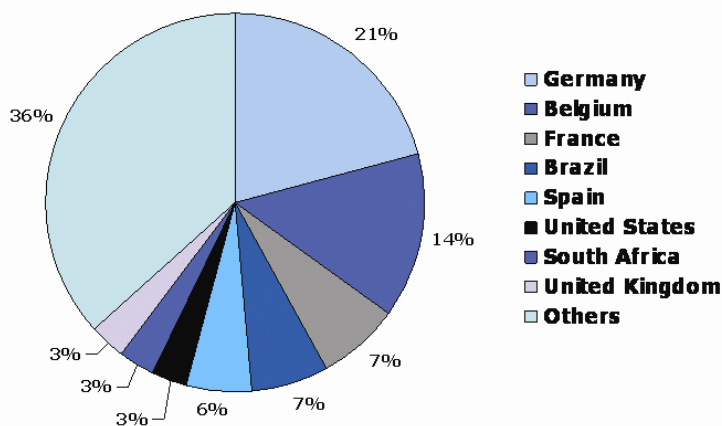
Traditionally oriented toward a healthy diet, physically active consumers have become more interested in health foods. Though growing, the demand for functional foods (products that add to consumer's health and well-being) is low.

The Netherlands' multicultural society promotes receptivity to new tastes, products, and concepts — almost a fifth of the country's 16.4 million inhabitants are of foreign descent. Indonesian dishes have been a significant influence on Dutch kitchens as have Italian foods. Now Tex-Mex and Surinamese cuisines are also popular. Besides the choices offered by a diverse home crowd, more consumers are traveling beyond Europe for vacations and business, and they often enjoy newly acquired tastes when they return.

#### **Food Service Industry**

The Dutch food service market is estimated at almost \$17 billion, accounting for 30 percent of sales within the total food distribution market. Analysts expect food service to gain market share and level out at 35 percent, similar to other Northern European countries.

#### **U.S. Exports Make Up 3 Percent of the Netherlands' Specialty Food Imports**



**Calendar 2006**

Restaurants dominate the food service industry, making up over \$8 billion, or 50 percent of sales. Most are independent and work with local suppliers and wholesalers. With 15 percent of the total food distribution market, restaurants are considered fertile ground for U.S. value-added products.

The restaurant segment leads in introducing new cuisines, tastes, and concepts. Asian cuisines, mostly Chinese and Indonesian with Thai and Indian gaining, account for a third of sales. Traditional Dutch and French cuisines are also doing well, with Mediterranean (mostly Italian) having peaked.

Cafes and bars, the second-largest food service segment, with more than \$3.2 billion in sales, consists of outlets where the focus is mainly on serving drinks, with little opportunity for new products. Fast-food outlets account for 20 percent of the market, and catering another 10 percent.

#### **Supermarkets Dominate Retail Outlets**

Supermarkets account for about 90 percent of the \$36 billion food retail sales, with full-service outlets considered prime channels for specialty food products. The remaining 10 percent of sales occurs in department stores, delis, and other stores.

Department stores and many smaller independent stores offer only specialty products and often focus on innovative and seasonal or event-related products, like chocolates. Other retail chains have moved into food retailing, by focusing on health products or a particular cuisine. These formerly non-food chains have also made inroads into the restaurant trade, with sales valued at more than \$400 million. Supermarkets have yet to enter the restaurant trade, mostly due to size constraints.

#### **What Is a Specialty Food Product?**

Food and beverage products become specialty products because of processing, packing, and marketing. Popular specialty retail items for the dinner cook include spices, sauces, marinades, dried products, other condiments, meal components (pasta, rice, noodles, tortillas), and ready-to-heat meals. Other best sellers: beverages, snack foods, bread toppings, cake mixes, and desserts.

Delis focus on non-perishable, value-added products. Just a few delis sell imported kosher foods, though only 5 percent of the estimated 30,000 Jewish citizens in the Netherlands buy kosher foods on a regular basis.

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